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I&T 100 YEARS OF LEADERSHIP

Implement & Tractor

The business magazine of the farm and industrial equipment industry

NOV-DEC 1988

Industry Execs Eye 1989

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In Turf Equipment Sales:

Dealers Make the Difference

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A Wall Street View of This Industry

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November-December 1988 • Vol. 103 • No. 13

On Our Cover

Dealer Andrew Rodgers, West Columbia, S.C., sells Case IH, Excel, Turf Vac, Cub Cadet and other professional turf care product lines.

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12: **The North American Equipment Dealers Assn.** has prepared a hazard communication standard compliance kit. This combined video cassette and factbook packet provides dealers with an excellently-illustrated video instructional tape for showing employees.

14: **Are we ready for high-yield wheat?** ICM could intensify equipment sales. Some design refinements will probably be appropriate.

14: **A stripper header has completed** its first commercial test on conventional combines, and NIAE engineers have been working on a pull-type combine specifically designed for the stripper principle. It could sell for half the price of a conventional unit.

18: **The challenge** of arresting the dealer's loss of market share in replacement parts continues. Here's a report on some findings of a recent FIEI survey of dealers.

18: **To give its members** a better picture of the world in which they will be operating, FIEI organized a convention around the theme, "Expanding the Limits: Opportunities in a Global Market."

27: **How does the farm equipment industry** look today to the watchers from the financial community? Here's what a couple of veteran watchers are saying.

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September U.S. Retail Sales Activity Shows Mixed Results

TRACTOR RETAIL SALES in September showed strength in some horsepower brackets and sharp declines in others. Volume stayed up among four-wheel-drive models and two-wheelers from 40 to 99 hp, but declined in other areas. The sharp drop in sales of 100-hp-plus units was partly due to the unusually large volumes generated in August of 1987 as well as the limited inventories of tractors in these sizes. Combine volume dropped considerably, largely because of drought, but sales for the nine months were about even with 1987.

UNIT RETAIL SALES

Equipment	September 1988	September 1987	% Change	January - September 1988	January - September 1987	% Change
Farm Wheel Tractors:						
2-Wheel Drive						
Under 40 HP	4,206	4,527	(7.1)	43,924	48,320	(9.1)
40 & Under 100 HP	2,425	2,282	6.3	25,022	22,288	12.3
100 & Under 140 HP	282	749	(62.3)	3,037	3,585	(15.3)
140 HP & Over	952	1,882	(49.4)	7,844	7,626	2.9
Total 2-Wheel Drive	7,865	9,440	(16.7)	79,827	81,819	(2.4)
4-Wheel Drive						
Under 200 HP	67	47	42.6	670	350	91.4
200 HP & Over	107	97	10.3	1,162	651	78.5
Total 4-Wheel Drive	174	144	20.8	1,832	1,001	83.0
Total Farm Wheel Tractors	8,039	9,584	(16.1)	81,659	82,820	(1.4)
Combines (Self-Propelled)	853	1,379	(38.1)	3,890	3,853	1.0
Balers (Bales under 200 lbs.)	421	395	6.6	4,972	4,709	5.6
Forage Harvesters (Shear Bar Type)	429	408	5.1	1,810	1,725	4.9
Mower Conditioners	883	851	3.8	9,469	9,768	(3.1)

4-Wheeler Developments: MF Returns; Case IH Consolidates

McConnell Tractors, Ltd. will manufacture a new series of articulated four-wheel-drive tractors for Massey-Ferguson dealers in 1989. To be known as the 5000 series, they will be upgraded versions of the 4000 series and will consist of two models in the 300-400 hp range.

J. Ward McConnell Jr., chairman of McConnell Tractors, said groundbreaking took place in October for a factory at Kinston, N.C., and that 5000 series units could be available as early as mid-1989.

McConnell purchased the four-wheel-drive tractor line from the receiver for Massey Combines Corp. earlier this year. The purchase included all parts stocks for the 4000 series, tooling, fixtures, etc., McConnell has been shipping parts to MF dealers and MF supply depots since July, in accordance with an agreement with Massey-Ferguson.

General manager of McConnell Tractors, Ltd., is Ron McNeil.

Massey is believed to have sold about 3,000 of the 4000 series tractors while they were in production.

THE MF 5000 series, due to appear in 1989, will be made by McConnell Tractors, Ltd., Kinston, N.C.

Case IH will consolidate production of its rigid-frame and articulated four-wheel-drive tractors at its Fargo, N.D., plant, formerly Steiger Tractor Co.

When all four-wheeler production is housed at Fargo, there will be two rigid-frame and four articulated models, ranging from 213 to 375 horsepower. Production of Magnum two-wheel-drive models will remain in Racine. The Fargo plant, purchased by Tenneco in 1986, will make its first rigid-frame units in late 1989 or early 1990. The 4694 and 4994 rigid-frame models will be dropped from the line, as will the smallest articulated one, the 9110.

Uelner Resigns at D-A; Ratliff New President

Roy W. Uelner resigned Sept. 30 as president of Deutz-Allis Corp., effective Oct. 15. He has been succeeded by Robert J. Ratliff, who had been president of Uniroyal Tire Div. of Uniroyal, Inc., and before that had been an executive with International Harvester Co. for 27 years in its Truck Div.

Uelner has spent his entire business career with Deutz-Allis and its predecessor, Allis-Chalmers. He was president and CEO of A-C's Agricultural Equipment divisions in 1985 when they were sold to KHD, the West German industrial conglomerate which operates Deutz-Fahr in Europe.

Uelner, who is a past president of the Farm & Industrial Equipment Institute, said he intends to pursue other career or business opportunities.

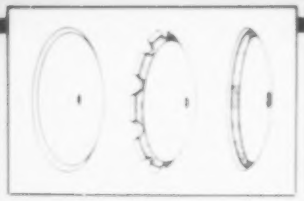
At Case IH: Global Marketing Organizations

Case IH President James K. Ashford has announced the setting up of worldwide marketing groups to serve its farm and construction equipment businesses separately. Case recently set up separate sales, manufacturing and engineering groups for these two businesses.

Each new marketing group will have product managers for each major line, responsible for developing and implementing separate business plans for each product within their lines.

Vickie L. Rickey has been named vice president, worldwide agricultural equipment marketing, and Stephen W. Scott has joined the company as vice president, worldwide construction equipment marketing. Both report to Ashford.

Rickey, who joined Case in 1975, is responsible for all product planning, product and service training, pricing, product and customer service, and all other marketing services activities.



Dealers give their major parts suppliers a C grade, but their answers indicate that they should take no prizes, either.

Who's Doing a Good Parts Marketing Job?

By BILL FOGARTY

THE CHALLENGE of arresting the dealer's loss of market share in replacement parts continues. At the NAEDA convention, Hugh Cottcamp (Ford New Holland) and Dan Ferris (Kubota), speaking as representatives of the Parts Committee of the Farm & Industrial Equipment Institute, reported on some findings of a recent FIEI survey of dealers.

The findings were not very uplifting, at least among the 715 dealers who responded. Cottcamp noted: "There's more than enough blame to pass around dealers and manufacturers alike."

Here's what Cottcamp and Ferris told the dealers at Vancouver:

Boss's attention. Parts provide 27 percent of the average dealership volume, but they get 12 percent of the general manager's time. Equipment sales provide 60 percent of volume and 29 percent of his time. General management duties take up 45 percent, service gets 9 and "other" gets 5 percent.

Delivery. Over half—54 percent—of dealers deliver parts. The others do not. Of those who deliver, 70 percent say they deliver 30 miles away and more.

Marketing plan. A third of respendents don't have one. Forty percent have a verbal one and 23 percent have a written one. Of those with a written or verbal one, 60 percent indicate that their employees understand and implement the plan "fairly well."

Telemarketing. Two-thirds don't; one-third do.

Supplier plan. Asked to rate their main supplier's parts marketing plan, 14 percent gave it an excellent, 48 percent said good, 27 percent said fair and 6 percent said poor. Two percent said there was none.

Understanding, agreeing. Eighty-eight percent said they understand their supplier's parts marketing plan

very well or fairly well. Eleven percent said they understand it not too well or not at all. Of those who understand it, 71 percent agree with it.

Supplier efforts. How do dealers regard suppliers' efforts to improve parts sales and operations? Dealers were asked to rate the suppliers on 22 factors using a scale of 1-to-10 (1=poor, 10=excellent.) The average was *six*.

Capacity of field people	6.2
Pricing and discounts	6.5
Catalogs	6.8
Order entry	7.3
Parts manager training	5.7
Parts sales training	5.4
Parts inventory training	5.0
Seasonal specials	6.2
Parts fair	5.4
Product information	6.4
Payment schedules	6.8
Warranty administration	7.1
Order till rate	7.2
Parts advertising	6.2
Responsiveness	5.9
Customer potential data	4.9
Obsolescence program	4.8
Computer support	5.5
Telemarketing	4.6
Yellow pages	4.7
Direct mail	5.8
On-time delivery	6.8

Call frequency. How often do dealers get a call from the parts rep? Monthly, say a third, quarterly, say a fifth, and 45 percent say twice a year or less. Eighty-three percent of the dealers said they would like to see a parts rep at least quarterly.

When he comes. Does the owner meet with the parts rep? Yes, in 71 percent of cases. Over half of those who do not meet with the parts rep say they'd like to do so.

Is he good? Asked to rate their parts rep on a scale of one to 10, responding dealers gave him/her a 4.3 rating—fair to poor.

Pricing. How do dealers price their parts in relation to list? Of the responding dealers, 54 percent price *at list*. Two percent price below list, averaging about 10 percent off. Thirty-eight percent of dealers say

they price *more than list*, by 10 percent on average.

Promoting. To promote parts, dealers cited these as media most frequently used: In-store displays, 77 percent; direct mail, 59 percent; newspaper, 55 percent; radio, 26 percent; telephone, 24 percent.

Co-op ad programs. Three-fourths of responding dealers said their main supplier has a co-op advertising program for parts. Of those who answered yes, 43 percent use the co-op program.

Alternate sources. Do dealers buy parts from other than their main supplier? Yes, answered 81 percent. Why? They cited these reasons:

Better prices, 74 percent; better quality, 7 percent; better delivery, 36 percent; broader coverage, 17 percent; better representation, 11 percent; parts not available from primary supplier, 67 percent; don't like the rep, 1 percent.

Improvement. Dealers were asked, "What one thing do you think is necessary from your primary equipment supplier to increase total parts purchases?"

Responses: Competitive price, 32 percent; availability and delivery, 20 percent; advertising and sales merchandising, 10 percent; terms, return policy, 5 percent; parts quality, 5 percent; training, 3 percent; field representation, 3 percent; other, 22 percent.

I&T comment. Please answer a few questions, anyone out there.

1. How can so many dealers—38 percent—price over list and then report that (a) they buy parts elsewhere because of better prices, and (b) the supplier is going to have to have a more competitive price? Are dealers expecting something of suppliers they don't do themselves in many cases? Or are they just talking about prices on the competitive items?

2. Dealers were asked if they understand their supplier's marketing plan. Maybe they should have been asked if they understand the co-op ad programs they apparently don't use much. I have seen manufacturers' explanations of their general co-op programs. They were very hard to track. Are parts co-op plans any more intelligible?

3. If under a third of responding dealers do telemarketing, how can the group give the supplier's telemarketing effort a so-so 4.6 rating?

4. Parts reps are rated fair to poor by dealers. But what are the standards of a good parts rep? Has anyone ever laid out the characteristics of a good parts rep and then told the dealer group, this is the performance standard, and our parts reps are going to meet it?

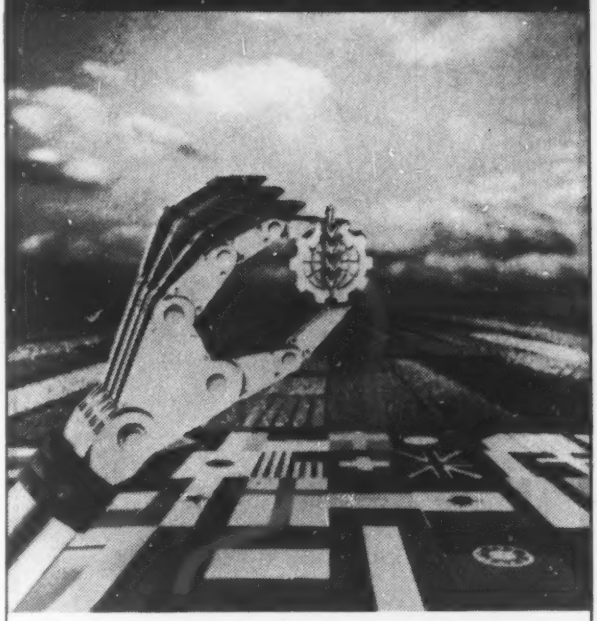
Prairie Manufacturers Report Sales Increases

With over 90 percent of its regular members reporting, the Prairie Implement Mfrs. Assn. says that its members' sales rose 18 percent from Aug. 31, 1987, to Aug. 31, 1988. Total volume recorded was $684 million (Canadian), compared with $578.3 million the previous year.

Export sales rose in the period from $190.5 million to $248.7 million. Reporting members expanded their outlays for R&D from $17.6 million to $24.7 million.

PIMA has 185 regular members. Sales out of Manitoba in the 1987-88 year were $392 million; Saskatchewan, $214 million; and Alberta, $78 million.

EUROPEAN FARMERS AT THE CROSSROADS



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